United Nations A/64/708

General Assembly

Distr.: General
15 March 2010

Original: English

Sixty-fourth session
Agenda item 131
Programme budget for the biennium 2008-2009

Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2009

Report of the Advisory Committee on Administrative and Budgetary Questions

1. During its consideration of the report of the Board of Auditors on the accounts of peacekeeping operations for the financial period ended 30 June 2009 (see A/64/5 (Vol. II), chap. II), the Advisory Committee on Administrative and Budgetary Questions met with the members of the Audit Operations Committee of the Board of Auditors.

2. The audit by the Board covered peacekeeping accounts and operations at United Nations Headquarters, 14 out of 16 active field missions, 25 completed missions, and 4 special purpose accounts, namely, the Peacekeeping Reserve Fund, the support account for peacekeeping operations, the United Nations Logistics Base at Brindisi, Italy (UNLB) and after-service health insurance.

3. The Advisory Committee notes that the audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations to assess the compliance with the rules, procedures and systems and management directives established by the United Nations Administration for peacekeeping operations. The Board performed the audit of the accounts of peacekeeping missions under financial regulation 7.5 to obtain reasonable assurance as to whether the financial statements of these missions were free from material misstatement. The audit included a general review of the financial systems and internal controls only to the extent that the Board considered it necessary to form an opinion on the financial statements. Therefore, the Board did not attempt to perform a performance audit or an evaluation of the implementation and management of operations of peacekeeping missions, or ascertain the root cause of the anomalies it found.

4. The Board has made 30 main recommendations for the period 2008/2009, as compared with 41 main recommendations issued for the period 2007/2008, reiterating to a large extent its previous recommendations on similar matters (A/63/5

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(Vol. II), chap II). In its report, the Board highlights only those issues that in its opinion should be brought to the attention of the General Assembly. Other findings and recommendations of the Board are conveyed to the Administration in management letters. During the period 2008/2009, the Board issued 15 management letters (see A/64/5 (Vol. II), chap. II, para. 6) as compared with 16 management letters issued in 2007/2008.

5. The report includes a follow-up to previous recommendations of the Board. In its findings, the Board noted an improvement in the rate of implementation of previous recommendations made during the previous five financial years. Of the 105 recommendations made for 2007/2008, 42 (40 per cent) were implemented, 56 (53 per cent) were partially implemented, 6 (6 per cent) were not implemented and 1 was overtaken by events. Two recommendations made in the period 2003/2004 remained outstanding as at 30 June 2009. One recommendation relates to delays in the write-off and disposal of non-expendable property and the other recommendation relates to setting up indicators of achievement for results-based budgeting. The Board again raised its concern in these two areas in the 2008/2009 report (see A/64/5 (Vol. II), chap. II, paras. 12 and 13, and annex II). As indicated in paragraph 20 below, the Board issued for the third time a modified audit report with an emphasis of matter relating to the management and control of non-expendable property and for a second time an emphasis of matter relating to expendable property.

6. In the present report, the Advisory Committee addresses some general issues related to the findings of the Board of Auditors and makes comments, observations and recommendations on cross-cutting issues. Where relevant, the Committee's comments, observations and recommendations with respect to the Board's recommendations on specific peacekeeping operations are contained in its reports on the budget submissions of the concerned missions.

7. The Committee notes that, although the Board's findings and observations referred to specific missions, its findings and observations do not imply that they are applicable to other missions, or that they may not exist in other missions (A/64/5 (Vol. II), chap. II, paras. 1, 2, 5, 7 and 8). **The Committee requests that in the next report, the observations and recommendations of the Board on specific missions be presented in an additional annex on a mission-by-mission basis.**

8. **The Advisory Committee continues to be concerned with the reoccurrence of problems previously identified by the Board on several occasions and the persistent non-compliance in implementing the Board's recommendations. It is also of great concern to the Committee that effective remedies have not been applied, including identifying more clearly responsibilities and accountability of managers, at Headquarters and in the missions. As noted by the Committee in its report on accountability (A/64/683 and Corr.1), existing instruments should be rigorously applied. The compact between the Secretary-General and his most senior officials records the evaluation of their performance (ibid., paras. 22-25). The Committee therefore believes that the compacts should serve as a useful tool to ensure that appropriate and timely remedial action is taken by the responsible officials to implement the Board's recommendations.**

9. In its previous report (see A/63/746), the Committee commented at length on the issuance of a modified audit report by the Board. **The Committee remains concerned with the continued deficiencies in the asset management of various**

missions, and reiterates its view that the continued issuance of a modified audit opinion by the Board of Auditors for three consecutive financial periods raises doubts as to the efficient use of resources and the safeguarding of the assets of the Organization. The Committee reiterates the need to improve the management of expendable and non-expendable property to ensure adequate safeguards that would prevent waste and financial loss to the Organization (ibid., para. 94). In view of the persistence of the problems, the Committee recommends that the Secretary-General designate a senior official to oversee resolution of the problems related to expendable and non-expendable property.

10. The Advisory Committee notes that the report of the Board of Auditors contains a summary of the views of the Administration in response to the Board's observations and recommendations. The Advisory Committee was informed that, owing to the timing of the preparation and release of the report of the Board, the comments of the Administration do not necessarily reflect the totality of corrective actions that may have been taken subsequent to the issuance of the report. The Board also informed the Committee that it has yet to validate the efficiency of the measures indicated as taken. The report of the Secretary-General on the implementation of the recommendations of the Board of Auditors was not available either during the Committee's hearings with the Board. Nonetheless, the Committee found in many instances the initial responses provided by the Administration to the Board to be unsatisfactory. For example, in a number of cases the actions taken by the Department of Field Support at Headquarters were limited to reminding the missions to follow the established procedures and directives, and no information was available on the specific actions taken to ensure that the recommendations were implemented. **The Committee expects that the forthcoming report of the Secretary-General on the implementation of the recommendations of the Board will include complete responses to the findings of the Board in 2008/2009.**

Implementation of the International Public Sector Accounting Standards

11. The Advisory Committee notes that the Board indicated delays in the implementation of the International Public Sector Accounting Standards (IPSAS) by peacekeeping operations. According to the Board, as a result of delays in the acquisition of the new enterprise resource planning (ERP) system, the earliest date of the implementation of IPSAS will be 2014. The Board notes that IPSAS is of critical importance for the recording of financial transactions of peacekeeping missions (A/64/5 (Vol. II), chap. II, paras. 42-44). **The Committee stresses that the implementation of ERP will not by itself resolve accountability issues (see also A/64/683 and Corr.1, paras. 45 and 46). The Committee has also indicated that, notwithstanding the projected benefits of the implementation of the ERP system, there are measures that can be taken to strengthen internal controls that are not dependent on the information technology in place (see A/64/501, para. 38).**

Contributions in kind and assessed contributions receivable

12. The Advisory Committee notes that the Board has reported an incremental improvement in the disclosure of certain categories of contributions in kind. They included facilities provided free of charge under the Status of Forces Agreement and/or the Status of Mission Agreement entered into with the host countries. **The Advisory Committee agrees with the recommendation of the Board that to**

further enhance the disclosure of all contributions in kind (budgeted and non-budgeted), the Administration should identify and make appropriate disclosures of the value of services and goods received under the Status of Forces Agreement and/or the Status of Mission Agreement (A/64/5 (Vol. II), chap. II, paras. 15-17).

13. The Advisory Committee also notes that, in the light of the decision by the General Assembly in its resolution 61/233 B on the issue of outstanding contributions, the Board has refrained from making a new recommendation and has therefore classified its previous recommendation as overtaken by events (ibid., para. 24).

After-service health insurance

14. As indicated in the report of the Board, the overall accrued after-service health insurance liability of the United Nations is determined by actuarial valuation, including the amount pertaining to peacekeeping operations. The Advisory Committee notes that the total amount of after-service health insurance liability for the period 2008/2009 was based on an actuarial valuation that was conducted in December 2007. The Board is of the view that, given the changes in the basic assumptions for the valuation, a new actuarial valuation should be carried out (A/64/5 (Vol. II), chap. II, paras. 38 and 39). **The Committee agrees with the view expressed by the Board and requests that the overall after-service health insurance liability be disclosed in the financial report and audited financial statements for the period 2009/2010 based on a new actuarial valuation.**

Support account for peacekeeping operations

15. In previous reports (A/59/736 and A/60/807), the Advisory Committee requested the Board to conduct an analysis of how the support account had evolved to its current application and configuration and how it may further evolve, taking into consideration the report of the Secretary-General on the matter. Consequently, the Board had conducted work on the issue in the prior period, and had recommended that the Administration develop an approach for the determination of support account requirements. In its present report, the Board indicates that a recent study by the Administration (prepared by consultants) of the relationship between the level and complexity of the peacekeeping operations and the level of the support account was completed only in February 2009 and was limited to a historical trend analysis. The Board concluded that, owing to the limitation of the study, it was unable to respond further to the request of the Advisory Committee (A/64/5 (Vol. II), chap. II, paras. 52-59).

Results-based budgeting and management

16. The observations of the Board were again focused on deficiencies in the application of the concepts of indicators of achievement and the portfolio of evidence of the results-based budgeting framework found in some missions. In its previous report, the Board had recommended that the Administration ensure that missions take appropriate measures to ensure that such indicators of achievement and outputs are formulated as specific, measurable, attainable, realistic and time-bound (SMART) to facilitate monitoring and reporting. For example, the Board noted that there were some instances where the planned indicators of achievement

were not completely measurable and an examination of the portfolio of evidence showed that there was no documentary evidence to fully substantiate the actual performance at the United Nations Operation in Côte d'Ivoire (UNOCI), while at the United Nations Interim Administration Mission in Kosovo (UNMIK), several indicators of achievement were not clear, measurable and planned outputs were the responsibility of other organizations. The Board also notes that there were anomalies in the collection, compilation and reporting of results-based budgeting data for all components at UNMIK and the United Nations Mission in Liberia (UNMIL), and the portfolio of evidence was not reviewed to ensure that it was valid, accurate and complete at the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). **The Committee previously has stressed that proper implementation of the results-based budgeting framework is essential for the monitoring and reporting on actual performance as compared to what was planned (A/63/746, paras. 100 and 101). The Committee has also commented on related issues in its report (A/64/683 and Corr.1, paras. 37-43), regarding the results-based management framework presented by the Secretary-General in his report (A/64/640).**

Procurement and contract management

17. On procurement and contract management, the Board noted that irregularities are widespread among many peacekeeping operations. There are continued deficiencies in technical evaluations, planning for procurement lead times, acquisition planning, awarding of contracts, monitoring of vendors' performance and a high number of ex post facto cases submitted from missions to the Headquarters Committee on Contracts, including those noted below (A/64/5 (Vol. II), chap. II, paras. 76-136).

18. On acquisition planning, the Board noted that in UNMIL and the United Nations Mission in the Sudan (UNMIS) inappropriate planning resulted in the procurement of a large number of assets that did not take into account the requirements of the specific missions. For example, in UNMIS, assets valued at approximately $1.6 million in stock were not used for years after being procured and surplus assets were not transferred to other missions or to UNLB. On air transportation, the Board noted that at MONUC, UNMIK, UNMIL and the African Union-United Nations Hybrid Operation in Darfur (UNAMID), troop rotation (managed at Headquarters) for the submission time frame allowed for potential vendors was much shorter than the minimum time required in the Procurement Manual, resulting in the exclusion of reputable vendors from the bidding process and the selection of vendors that may not be in the best interest of the United Nations. On vendors' performance evaluation, the Board noted lapses at the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Disengagement Observer Force (UNDOF) and MONUC, and at UNMIL inconsistencies were noted in the technical evaluation reports submitted to the local contracts committee. On ex post facto cases submitted to the Headquarters Committee on Contracts, the Board noted that the value of these cases continued to be high. On local procurement actions for core requirements, the Board pointed out that UNAMID undertook local procurement actions valued at $9.5 million without local procurement authority and subsequently sought the approval of the Headquarters Committee on an ex post facto basis. Similar findings of local procurement of core requirements exceeding local procurement authority thresholds

were noted by the Board at the United Nations Peacekeeping Force in Cyprus (UNFICYP) and in 10 other peacekeeping operations audited by the Office of Internal Oversight Services (see A/64/5 (Vol. II), chap. II, para. 380 (c)). The main reasons given by the Administration for the high value of ex post facto submissions to the Headquarters Committee on Contracts appear to be late submission of letters of assist, protracted negotiations with Governments, and inadequate procurement planning and contract management. The Committee has commented on these issues extensively in the past (see, for example, A/63/746, paras. 104 and 106). **The Committee recalls its recommendations in paragraph 104 of its report (A/63/746) and regrets that there continue to be problems in compliance with the provisions of the Procurement Manual and other procurement rules and procedures.**

19. The Advisory Committee notes, from paragraphs 78, 81 and annexes VI and VIII of the report of the Board of Auditors (A/64/5 (Vol. II), chap. II), that the value of procurement from developing countries and countries with economies in transition declined from 60 per cent in the period 2006/2007 to 53.6 per cent in 2007/2008; furthermore, as at 30 September 2009, from a total value of $5.4 billion of active systems contracts, developing countries and countries with economies in transition accounted for approximately 25 per cent. The Advisory Committee recalls comments made in its report (A/64/501, para. 48) and will revert to the subject in the context of its review of the next report of the Secretary-General on procurement activities.

Expendable and non-expendable property

20. For four consecutive years, the Board has issued modified audit reports with emphases of matter. For the third consecutive year, the Board's emphasis relates to significant discrepancies between the results of the physical count of assets and the information recorded for expendable and non-expendable property at various missions, pointing out deficiencies in the overall management of United Nations property in various missions. Although some progress was noted in the verification of physical non-expendable property in some missions, the Board points out large discrepancies in the records of non-expendable property at UNMIK, UNMIL and UNAMID in that the records were inaccurate and unreliable; and at UNLB, UNMIK, MINURSO, MONUC and UNMIS a large quantity of assets were pending write-off and disposal (A/64/5 (Vol. II), chap. II, paras. 144-164).

21. With regard to stock ratios and surplus, the Board noted that the high level of stock of non-expendable property continued to exist throughout the missions. For example, at UNAMID, the United Nations Mission in the Central African Republic and Chad (MINURCAT) and the United Nations Observer Mission in Georgia (UNOMIG) the stock ratios of non-expendable property were 55 per cent, 50 per cent and 34 per cent, respectively. Surplus and obsolete assets continued to be held by missions, sometimes exposed to unfavourable storage conditions (e.g., at UNMIL) and not transferred to other missions or to UNLB or disposed of as appropriate. For example, 9,375 non-expendable property items at UNAMID and 8,286 non-expendable items at UNMIS should have been declared as surplus at the time of the audit (A/64/5 (Vol. II), chap. II, paras. 171-180). **The Advisory Committee shares the view of the Board that the high stock levels of non-expendable property will result in waste, deterioration and obsolescence as well as possible loss due to theft. The Committee has made a recommendation**

that the General Assembly request the Secretary-General to strengthen asset management and control of United Nations property (see para. 9 above).

Strategic deployment stock

22. The Board continued to observe deficiencies in the monitoring of the inventory of strategic deployment stocks at UNLB. A large portion of the inventory was held for a long period even though peacekeeping missions have undergone significant growth. As at 30 September 2009, 647 items valued at $4.46 million were in stock for more than five years; 2,817 items of electronic equipment valued at $12.4 million were in stock for more than a year; and 474 strategic deployment stocks items valued at $2.64 million exceeded their life expectancy. Moreover, most recently acquired items were issued to the missions, resulting in older items remaining in stock. According to the Board, this practice could have resulted in deterioration and obsolescence of the earlier strategic deployment stocks in stock. For example, 163 items of the strategic deployment stocks inventory valued at $0.7 million were received by UNAMID with an exceeded life expectancy. Some items, including medical supplies, had an exceeded life expectancy of over 26 months. The Committee notes that the Administration has removed all expired items in the trauma kits from the strategic deployment stocks inventory and is taking action to ensure that deployment of medical kits contain items with a sufficient period of remaining useful life (A/64/5 (Vol. II), chap. II, paras. 193-202). **The Committee agrees with the Board that UNLB should establish a monitoring mechanism, including through the full enforcement of the first-in, first-out principle, to avoid possible deterioration and obsolescence of strategic deployment stocks items. The Committee recommends that the General Assembly request the Secretary-General to review the management of the inventory of strategic deployment stocks to ensure that proper and adequate management is strictly adhered to and that adequate safeguards are in place to prevent waste and financial loss to the Organization. The Committee emphasizes that regardless of the outcome of the discussions on the Global Field Support Strategy, changes must be made in the overall management of strategic deployment stocks.**

Vehicle fleet management

23. The findings of the Board continued to point out weaknesses in the management of the United Nations vehicles in the missions (A/64/5 (Vol. II), chap. II, paras. 222-250). With regard to vehicle occupancy, the Board found that at UNIFIL and MINURSO surveys designed to improve the management of vehicles were not conducted, while at MONUC and UNMIL the Board identified weaknesses in implementation of the policies governing replacement of vehicles and monitoring maintenance of vehicles. The Board found that at UNDOF inadequate monitoring of vehicle usage was due to the improper installation of the CarLog system, while at UNMIL no procedures were in place to generate and review the CarLog system reports. The Board also noted a number of anomalies in the management of the vehicle fleet at MINURCAT, the United Nations Integrated Mission in Timor-Leste (UNMIT), UNMIL, UNAMID and UNDOF. The Committee notes that the Administration has agreed with the recommendations of the Board and taken initial action to correct many shortcomings pointed out by the Board. **The Advisory Committee agrees with the observations of the Board of Auditors and**

recommends that the General Assembly request the Secretary-General to comply with the recommendations of the Board and to review the vehicle fleet management practices in the missions so that operational efficiency gains can be obtained and financial risks can be mitigated, while safeguarding the reputation of the Organization.

Rations management

24. The Board continued to issue observations and recommendations on the management of rations, including the need to update the Rations Manual at Headquarters to reflect changes in the United Nations Rations Scale and food order methods; to expedite the approval of the rations management standard operating procedures at MONUC; to fully comply with the requirements of the rations contract relating to substitution of food rations and safety reports at UNFICYP; to make every effort to require the contractor to maintain rations reserves, as required by the contract at UNMIS; and to correct deficiencies in the temperature control of the storage of rations at UNMIS and UNMIT. The Committee notes that the Administration has agreed with the recommendations of the Board and has proceeded to implement them during the current financial period (A/64/5 (Vol. II), chap. II, paras. 254-269). **The Advisory Committee has stressed the need to ensure strict compliance with the requirements of the Procurement Manual and the procedures for the management of rations and regrets that effective measures have not yet been taken, as this issue has both financial implications for the Organization as well as an impact on the health and morale of contingent personnel (A/63/746, para. 109).**

Air operations

25. The aviation budget continues to represent a very large component of peacekeeping operations budgets, amounting to $593 million in 2008/2009. The Board noted a number of irregularities in the period under review which included on an overall basis a persistent underutilization of total flight hours vis-à-vis budgeted hours. More specifically, the Board found that at the United Nations Mission in Ethiopia and Eritrea (UNMEE), UNOMIG, MINUSTAH, UNAMID and MONUC the utilization of total flight hours was lower than 80 per cent of the budget; and at UNAMID, the flying hours of three helicopters accounted for only 10 per cent of the budgeted flying hours; while at MINURSO there was a consistent trend in underutilization of budgeted excess hours. At MONUC, it was noted by the Board that the operational risk management process had not been fully implemented; at MONUC and UNMIL there were a large number of aviation incidents; at UNMIL follow-ups were not performed regularly to recover the fuel costs from air operators of test and non-revenue flights; and at UNMIS no reimbursement was recovered from the contractor for aviation fuel consumption used for maintenance and other uses. The Committee notes that the Administration has accepted the recommendations of the Board and has taken measures to implement them (A/64/5 (Vol. II), chap. II, paras. 270-283). **The Committee recalls its observations and recommendations in paragraphs 41 to 50 of its report (A/63/746) concerning increased efficiency and cost effectiveness of air operations. The Committee agrees with the recommendations of the Board and stresses the need to manage the acquisition and utilization of air assets in the missions in a more efficient and effective manner. The Committee remains concerned with the low**

utilization of total flight hours and contractual arrangements that limit the possibility for exploiting a higher level of aggregation of demand (see A/63/746, para. 47). The Committee comments further on these matters in its general report on cross-cutting issues in peacekeeping operations.

Information and communications technology

26. The findings of the Board indicate a series of shortcomings in the management of information and communications resources at some missions. The Board notes that at MONUC, a disaster recovery and business continuity plan had been issued but was incomplete and the Mission lacks an approved information security policy, while there were weaknesses in the password control of various systems at both MONUC and UNMIL. The Board also noted that at MONUC no logs were kept for changes made to the system, which entails the risk that unauthorized changes to the system could remain undetected and that policies and procedures relating to information and communications technology had not been finalized at the time of the audit at MONUC and UNMIL. At UNMIK and UNMIS, the Board noted that management lapses in capacity-building could have impacted adversely the information and communications technology governance structure of the missions in regard to overall strategy, update of systems and implementation of actions. The Committee notes that the Administration has agreed with the recommendations of the Board (A/64/5 (Vol. II), chap. II, paras. 297-316).

Human resources management

27. In its review of human resources management issues, the Board reiterated its recommendations on recurrent problems, including the need to take appropriate measures to reduce recruitment lead times, expedite all requests for the classification and reclassification of posts at various missions, ensure that all missions establish human resources action plans, ensure that performance appraisals are complete and signed-off in a timely manner, adhere to the established procedures for monitoring and recording attendance. The Committee notes that the Administration has agreed with the recommendations of the Board (A/64/5 (Vol. II), chap. II, paras. 326-343).

28. With regard to vacancy rates, the Board found that the overall vacancy rates were 16 per cent and 35 per cent for stable missions and start-up missions, respectively, which were higher than the benchmarks of 15 per cent for stable missions and 20 per cent for start-up missions. The Committee notes the observations of the Board on the continued high vacancy rates, which have been an issue of great concern to the Advisory Committee. The Board noted that high vacancy rates may result in undue demands being placed on existing staff, further burdening the delivery of mission mandates and the proper functioning of internal controls systems, and recommended taking urgent measures to fill vacancies to enable missions to execute their mandates. The Committee notes the initial measures taken by the Administration to remedy the situation, including the introduction of new talent management system software and introduction of occupational group managers to manage rosters and improve outreach (A/64/5 (Vol. II), chap. II, paras. 317-325).

29. The Board identified a number of shortcomings related to training. They include the need to ensure that civilian staff members complete induction training

before they commence their duties in the mission area and to strengthen the monitoring of training plans and budgets, implementation of training activities and post-training evaluation at Headquarters and in all missions (A/64/5 (Vol. II), chap. II, paras. 349-358). **The Committee agrees with the recommendations of the Board and stresses the need to take timely corrective measures.**

30. **While the Advisory Committee has noted many serious issues confronting the management of human resources in peacekeeping missions, the Committee stresses the need to implement the recommendations of the Board and expects the Secretary-General, in the context of the ongoing human resource management reforms, to fully address these issues.**

Quick-impact projects

31. As in the previous period, in some missions the Board noted significant underutilization of financial resources appropriated for quick-impact projects in 2008/2009 as well as major delays in their implementation within the required time frame. At MONUC, of $1 million allocated to quick-impact projects, only $169,562 was expended; at UNIFIL and UNAMID some projects were not implemented within the required time frame and delayed for extended periods; at UNMIS of the $1 million allocated, at the end of the financial period only $68,107 had been disbursed. **The Advisory Committee shares the view of the Board that the lapses in the management of the resources appropriated for quick-impact projects will result in missed opportunities to assist and influence communities in which the missions function (A/64/5 (Vol. II), chap. II, paras. 362 and 363).**

Internal audit function

32. The Board noted an improvement in the vacancy rate of resident auditors of the Office of Internal Oversight Services from 36 per cent as of 31 July 2008 to 23 per cent as of 31 August 2009 and in the percentage of completion of planned audits from 55 per cent in 2008 to 61 per cent in 2009. The Board also observed slippages in issuing internal audit reports, noting that the delayed reports would risk not reflecting the conditions that prevailed during the audit and/or conditions that might have changed significantly and thus the results of the audits would potentially be negated (A/64/5 (Vol. II), chap. II, paras. 368, 369, 376, and table II.12). In this connection, the Advisory Committee noted in its previous report (A/63/746, para. 112) that the vacancy rate for resident auditors in field missions may have contributed to lapses in internal control. **The Committee requests that the Secretary-General addresses this issue as a matter of priority to ensure effective internal audit coverage of all missions.**

33. The Advisory Committee notes from the key findings of the Office of Internal Oversight Services report on peacekeeping operations, highlighted by the Board in paragraph 380 (d) of its report (A/64/5 (Vol. II), chap. II), serious irregularities in the management of a major contract with a supplier in UNAMID. Mismanagement of the contract resulted in incomplete delivery of works and services under the contract and exposed the Organization to significant financial risks. Irregularities included an overpayment of $5.3 million to the contractor, delivery of equipment by the contractor to the wrong locations, delays in performing receipt and inspection checks and contract equipment costing $3.3 million being delivered but not used throughout the duration of the contract, as the host Government did not provide

approval for its use. **The Advisory Committee requests that the Secretary-General inform the General Assembly of the action taken to address this matter at the time of consideration of the report of the Board of Auditors.**

34. The Advisory Committee notes that the Board meets on a regular basis with the Office of Internal Oversight Services and the Joint Inspection Unit on the planning of audits in order to avoid duplication of efforts.

Conclusion

35. The Advisory Committee considers that the recurring recommendations and observations contained in the report of the Board of Auditors reflect continued weaknesses in compliance with relevant financial rules and regulations as well as weaknesses in administration at all levels of management. Despite acceptance by the Administration of many of the recommendations of the Board and repeated calls by the Advisory Committee and legislative mandates by the General Assembly for a full and expeditious implementation of such recommendations, some problems continue to recur in many missions. **Given the financial and other risks to which the United Nations is exposed in this situation, it is the firm opinion of the Advisory Committee that the General Assembly should expect the Secretary-General to ensure the implementation of the recommendations of the Board and to strengthen administrative and institutional measures to address the underlying causes so that accountability and management is improved at all levels.**